

 Fact Sheet

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A “Qualifying Child”

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Uniform Definition

A “qualifying child” may enable a taxpayer to claim several tax benefits, such as head of household filing status, the exemption for a dependent, the child tax credit, the child and dependent care credit and the earned income tax credit. Prior to 2005, each of these items defined a qualifying child differently, leaving many taxpayers confused.

The Working Families Tax Relief Act of 2004 set a uniform definition of a qualifying child, beginning for Tax Year 2005. This standard definition applies to all five of the tax benefits noted above, with each benefit having some additional rules.

In general, to be a taxpayer’s qualifying child, a person must satisfy four tests:

- Relationship – the taxpayer’s child or stepchild (whether by blood or adoption), foster child, sibling or stepsibling, or a descendant of one of these.
- Residence – has the same principal residence as the taxpayer for more than half the tax year. Exceptions apply, in certain cases, for children of divorced or separated parents, kidnapped children, temporary absences, and for children who were born or died during the year.
- Age – must be under the age of 19 at the end of the tax year, or under the age of 24 if a full-time student for at least five months of the year, or be permanently and totally disabled at any time during the year.
- Support – did not provide more than one-half of his/her own support for the year.

If a child is claimed as a qualifying child by two or more taxpayers in a given year, the child will be the qualifying child of:

- the parent;
- if more than one taxpayer is the child’s parent, the one with whom the child lived for the longest time during the year, or, if the time was equal, the parent with the highest AGI;

- if no taxpayer is the child's parent, the taxpayer with the highest adjusted gross income (AGI).

Additional Rules

While the four qualifying child tests generally apply for the five tax benefits noted above, there are some additions or variations for particular provisions:

Dependent – a qualifying child must also meet these tests:

- Nationality – be a U.S. citizen or national, or a resident of the U.S., Canada or Mexico. There is an exception for certain adopted children.
- Marital status – if married, did not file a joint return for that year, unless the return is filed only as a claim for refund and no tax liability would exist for either spouse if they had filed separate returns.

Head of Household Filing Status – a qualifying child is determined without regard to the exception for children of divorced or separated parents. Also, a qualifying child who is married at the end of the year must meet the marital status and nationality tests for a dependent (above).

Credit for Child and Dependent Care Expenses – a qualifying child must be under the age of 13 or permanently and totally disabled. A qualifying child is determined without regard to the exception for children of divorced or separated parents and the exception for kidnapped children.

Child Tax Credit – a qualifying child must be under age 17 and a U.S. citizen or national or a U.S. resident.

Earned Income Tax Credit – a qualifying child does not have to meet the support test. Also, a qualifying child must have lived with the taxpayer in the United States for more than half the year and have a social security number that is valid for employment in the United States. A qualifying child is determined without regard to the exception for children of divorced or separated parents. If a qualifying child is married, he or she must also meet the marital status and nationality tests for a dependent (above).

Changes to Certain Benefits

The new law does not change the operation of the Child Tax Credit, but it does affect these benefits:

Dependent – There are two types of dependents, a qualifying child and a qualifying relative. The five dependency tests – relationship, gross income, support, joint return and citizenship/residency – continue to apply to a qualifying relative. A child who is not a qualifying child might still be a dependent as a qualifying relative. If you are a dependent of another person, you cannot claim any dependents on your own return. .

Head of Household Filing Status – A taxpayer is eligible for head of household filing status only with respect to a qualifying child or the taxpayer's dependent. But the taxpayer cannot file as head of household for a person who is a dependent only because he or she lived with the taxpayer for the whole year or because the taxpayer may claim him or her as a dependent under a multiple support agreement.

Child Tax Credit – The taxpayer is no longer required to care for a foster child, sibling, or sibling's descendant as one's own child.

Credit for Child and Dependent Care Expenses – The taxpayer is no longer required to pay over half the costs of maintaining a household for the qualifying individual. But, an individual who is not a qualifying child must have the same principal residence as the taxpayer for more than half the year.

Earned Income Tax Credit – The taxpayer is no longer required to care for a foster child, sibling, or sibling's descendant as one's own child.